

Message Text

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ACTION OPIC-06

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E.O. 11652: N/A

TAGS: BBAK, EIND, SG

SUBJECT: SOCIETE EMBAL-AFRIQUE

1. SUMMARY: GOS MINISTRY OF RURAL DEVELOPMENT HAS GIVEN COMMITMENT LETTER TO TRIDENT FISHING COMPANY OF SAN DIEGO AGREEING TO SET UP FIRST CORRUGATED BOX PLANT IN SENEGAL. TOTAL CAPITALIZATION WILL BE \$4.5 M. AND GOS WILL BE 51 PERCENT PARTNER IN EQUITY CAPITAL. PROJECT HAS GOOD EXPORT POTENTIAL AND WILL ADD CONSIDERABLY TO US INVESTMENT TOTAL IN COUNTRY, BUT MANY LOOSE ENDS STILL TO BE NAILED DOWN. REQUEST ANY INFORMATION AVAILABLE CONCERNING TRIDENT FISHING COMPANY.

2. TWO US BUSINESSMEN HAVE JUST DEPARTED DAKAR WITH COMMITMENT LETTER FROM GOS MINISTRY OF RURAL DEVELOPMENT AGREEING TO SET UP TURNKEY CORRUGATED BOX PLANT IN SENEGAL, TO BE KNOWN AS SOCIETE EMBAL-AFRIQUE. TWO ARE A. JACOB ABRAMS, PRESIDENT OF TRIDENT FISHING COMPANY (1345 CROSBY ST., SAN DIEGO), AND JACK DOLBER, CONSULTING ENGINEER TO TRIDENT. TRIDENT FISHING OPERATES FLEET OF TUNA SHIPS OUT OF PUERTO RICO. TIE-IN WITH MINISTRY OF RURAL DEVELOPMENT STEMS FROM GOS DESIRE TO INCREASE EXPORTS OF ROZEN FISH, WHICH ARE CURRENTLY LIMITED BY (INTER ALIA) POOR QUALITY AND HIGH COST OF LOCALLY PROCESSED CORRUGATED BOXES. REPORTEDLY, MINISTRY OF RURAL DEVELOPMENT, WHICH INCLUDES THE DIRECTORATE OF FISHERIES, APPROACHED TRIDENT DURING 1974 FOR TECHNICAL ASSISTANCE IN DEVELOPING FISHERIES EXPORTS, AND TRIDENT ZEROED-IN ON CORRUGATED BOX PROBLEM AS MAJOR LIMITING FACTOR.

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3. FINANCIAL STRUCTURE: TRIDENT FISHING AND ITS BANKERS (KOEHN LOEB) WILL PUT UP \$1 M IN EQUITY CAPITAL OF WHICH 51 PERCENT WILL BE OWNED BY GOS. IN ADDITION, IT HAS RAISED \$2 M LOAN FROM EQUATOR BANK (SUBSIDIARY OF HARTFORD NATIONAL). THIS \$3 M WILL BE USED TO BUY AND SHIP BOX MAKING MACHINERY FROM US. GOS HAS AGREED TO RAISE \$1.5 M FROM LOCAL SOURCES TO BUY PREFAB BUILDING, ALSO TO BE SHIPPED FROM U.S. BUILDING WILL BE LEASED TO EMBAL-AFRIQUE. THE \$3 M INVESTMENT OF U.S. BACKERS WILL BE GUARANTEED 100 PERCENT BY GOS AGAINST COMMERCIAL RISK.

4. PLANT WILL MANUFACTURE CORRUGATED BOXES FROM IMPORTED KRAFT PAPER. CURRENT SOURCE IS LOCAL PROCESSOR WHO IMPORTS CORRUGATED PAPER AND FORMS IT INTO BOXES. COST IS HIGH AND QUALITY IS POOR. CAPACITY OF TRIDENT PLANT WILL BE 10 M SQ FT PER MONTH, ENOUGH TO SATISFY DOMESTIC NEEDS AND EXPORT TO OTHER WEST AFRICAN FISHING COUNTRIES. ACCORDING TO TRIDENT, ASIDE FROM NIGERIA, WEST AFRICAN CORRUGATED BOX NEEDS SUPPLIED ENTIRELY BY IMPORTS. DOLBER STATED TRIDENT PLANT CAN BE OPERATIONAL SIX MONTHS AFTER GOS SIGNS FORMAL AGREEMENT.

5. LOOSE ENDS: EMBASSY POINTED OUT TO TRIDENT REPS THAT APPROVAL OF SEVERAL OTHER MINISTRIES WILL BE NEEDED BEFORE AGREEMENT CAN BE SIGNED. A LOCAL TRIDENT CONTACT IN MINISTRY OF RURAL DEVELOPMENT WILL WORK ON THIS AND EXPECTS TO SIGN FORMAL AGREEMENT IN OCTOBER.

6. THE CATCH: ALL OF THE ABOVE INFORMATION WAS OBTAINED IN CONVERSATION WITH TRIDENT REPS AND THEIR GOS CONTACT. IT SEEMED REASONABLE ENOUGH UNTIL THEY STATED A) THAT THE BOX PLANT WAS ONLY AN EXPLORATORY VENTURE, TO BE FOLLOWED BY MANY OTHER INVESTMENT PROJECTS UNDER DISCUSSION, AND B) THAT OPIC HAD TURNED DOWN THEIR APPLICATION FOR COMMERCIAL RISK INSURANCE. (DESPITE THIS TURNDOWN, TRIDENT REPS MADE OFF WITH SOLE COPY OF PROJECT LIST COMPILED BY JORDAN DURING OPIC VISIT). REPORTEDLY, EQUATOR BANK HAS CHARTER AND "UNLIMITED FUNDS" TO BE INVESTED IN BLACK AFRICA. REQUEST ANY BACKGROUND AVAILABLE ON TRIDENT AND THE EQUATOR BANK. WE ARE PARTICULARLY INTERESTED IN REASONS FOR OPIC TURNDOWN SINCE PROJECT HAS GREATER POTENTIAL THAN OTHER PROJECTS MENTIONED IN STATE 143426. FROM HERE, WE ARE UNABLE TO JUDGE SERIOUSNESS OF TRIDENT BOX PLANT AND OTHER PROPOSALS, WHICH, IF THEY COME TO FRUITION, WOULD GREATLY INCREASE US ECONOMIC LIMITED OFFICIAL USE

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STAKE IN SENEGAL.
AGGREY

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Message Attributes

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